

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

OCT 23 1981

Gentlemen:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code.

According to your Articles of Incorporation, the purposes for which you are organized are to provide for the efficient preservation of the values and amenities of that certain [REDACTED] acre tract of land in the [REDACTED]; and for the maintaining, administering and enforcing of restrictive covenants; levying, collecting and disbursing the maintenance assessments and charges; maintaining, administering and otherwise operating a private water supply system; and, maintaining all common areas, rights of way, easements, signs and markers, all in relation to said [REDACTED].

You state in your application that [REDACTED] is a office-warehouse business park and that there are no private residences in the development. You further state that you are organized for the benefit of all property owners in [REDACTED]. Activities will include maintenance of common areas, streets, a water well and for the enforcement of protective covenants. Common areas and streets are open to the general public.

According to your financial projections, your source of funds will be dues and assessments from members and expenditures will be for interest expense, property signs, insurance, maintenance and landscaping, and miscellaneous expenses.

Section 501(c)(4) of the Internal Revenue Code provides exemption for:

"Civic Leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare..."

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
		[REDACTED]					

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that:

"An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterment and social improvements."

The concept of social welfare suggests benefits affecting a whole community of people, rather than a private group of individuals or businesses. Based on the information you have presented, we have determined that your activities will primarily serve the economic interests of your individual members, rather than the general public or community. Even though your common areas are open to the general public, it appears that any benefit the general community will derive from your activities will be insubstantial in comparison to the benefits your individual members will derive from the use of a water system, enforcement of protective covenants, property signs, and the maintenance of streets in the business park.

Accordingly, since you are operated primarily for the benefit of a closed-member group of businesses, rather than for the promotion of the general welfare of the community, tax-exemption under section 501(c)(4) of the Internal Revenue Code is denied. You should file Federal income tax returns.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

[REDACTED]

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

Sincerely yours,

[REDACTED]
District Director

Enclosures:
Form 6018
Publication 892